



Pete Ricketts
Governor

STATE OF NEBRASKA

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Mr. President, Mr. Speaker,
and Members of the Legislature
State Capitol Building
Lincoln, NE 68509

Dear Mr. President and Members of the Legislature:

Today, I am presenting my budget recommendations to you for the 2019-2021 biennium accompanied by proposals for tax relief, initiatives to connect Nebraskans to great job opportunities, and improvements in services for a more effective, efficient, and customer-focused state government.

My overall budget recommendations for the 2019-2021 biennium provide for two-year average growth in state appropriations of 3.1 percent. I remain committed to spending restraint that creates the opportunity to provide ongoing tax relief for taxpayers in Nebraska.

I am recommending \$550 million in direct property tax relief during the 2019-2021 biennium. This is a \$102 million increase, \$51 million each year, a 23 percent annual increase providing \$275 million each year of direct property tax relief through the State's Property Tax Credit Relief Fund. I am also proposing an additional \$12.5 million, \$4.6 million in FY 2019-20 and \$7.9 million in FY 2020-21 to provide for the increase in annual property tax relief payments under our current \$84.1 million homestead exemption program. This is a nine percent increase over the biennium.

We have been working together over the past several years to make Nebraska a veteran-friendly State. This year I am proposing additional tax relief for veterans receiving military retirement income and tax relief for our National Guard and military reserve retirees. My budget recommendations allow \$17.7 million for this tax relief in the 2019-2021 biennium.

My recommendations include an increase of \$103.8 million in state aid through the state's primary school aid funding formula (TEEOSA). This represents a seven percent increase in FY 2019-20 and another 3.4 percent increase in FY 2020-21, for a 10.7 percent increase for the biennium. Special education funding is also increased by \$4.6 million, or two percent.

It is critical that we focus our efforts on recruiting and graduating more students to fill high-demand and high-wage jobs in Nebraska in order to grow Nebraska. My budget recommendations include \$6.78 million in new funding for Nebraska Talent Scholarships at our public universities, state colleges, and community colleges for that specific purpose. Over two years, I am also proposing \$2.5 million in addition to the current \$500,000 provided to the Nebraska Department of Economic Development for the Developing Youth Talent Initiative. This program provides awards to Nebraska public schools and businesses to partner on specific career learning opportunities in areas of identified need.

My recommendations for the University of Nebraska and State College System provides full funding, with General Funds, of their request for salary and health costs. This is an increase for the University of Nebraska of \$49.5 million, or six percent for the biennium. The recommendation for the State College System is an increase of \$4.8 million, or 6.2 percent for the biennium. Community College aid is increased by \$6 million, or four percent for the biennium.

The most significant increase in appropriations for Health and Human Services is financing the estimated cost of the voter-approved Initiative 427 which expands Medicaid coverage to Nebraska residents ages 19 to 64 with incomes at or below 138 percent of the federal poverty level. This requires \$69.1 million General Funds and \$520.5 million federal funds, or a total of \$589.6 million for the Medicaid program and provides only \$9.8 million in offsetting budget savings in the upcoming biennium.

My capital construction proposals include adding two high security housing units with design capacity up to 384 new beds at the Lincoln Corrections Center at a cost of \$49 million to address security and capacity issues within the corrections system. I am also recommending \$9.5 million for construction of additional housing capacity at the Eastern Nebraska Veterans' Home to meet the long-term care needs of Nebraska veterans.

My cabinet members and their teammates have a shared mission of more effective, more efficient, and more customer-focused state government. The Legislature has considered and approved many of our proposals including improved transportation initiatives, agency consolidation, veterans' services, access to human services, occupational licensing reform, reduced regulation, and others. This legislative session we are proposing to merge the Nebraska Energy Office with the Department of Environmental Quality to enhance their otherwise individual efforts on environmental quality and energy policy. In addition, we propose merging Department of Labor responsibilities for conveyance, amusement ride, and boiler safety at the State Fire Marshal to better align scope of work and allow for a more effective and efficient customer service model. I urge your support of these proposals.

As elected representatives of the citizens of Nebraska we undertake an important constitutional responsibility in the governance of the people's business. I commit to working closely and collaboratively with you as together we create the opportunities that will allow us to grow Nebraska.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pete Ricketts", is written over a horizontal line.

Pete Ricketts
Governor